

**ASSEMBLY BILL**

**No. 413**

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**Introduced by Assembly Member Fuentes**

February 23, 2009

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An act to amend Sections 327, 382, 739.1, and 747 of, and to add Sections 739.9 and 745 to, the Public Utilities Code, and to amend Section 80110 of the Water Code, relating to energy.

LEGISLATIVE COUNSEL'S DIGEST

AB 413, as introduced, Fuentes. Energy: rates.

(1) Under existing law, the Public Utilities Commission has regulatory authority over public utilities, including electrical corporations and gas corporations, as defined. Existing law authorizes the commission to fix the rates and charges for every public utility, and requires that those rates and charges be just and reasonable.

This bill would prohibit the commission from requiring or permitting an electrical corporation to employ time-variant pricing, as defined, for residential customers, but would authorize the commission to authorize an electrical corporation to offer residential customers the option of receiving service pursuant to time-variant pricing. The bill, commencing January 1, 2016, would authorize the commission to authorize an electrical corporation to employ default time-variant pricing for residential customers, if the customer has the option of receiving service pursuant to a rate schedule that is not based upon time-variant pricing and if residential customers that exercise the option to not receive service pursuant to the time-variant pricing incur no additional costs as a result of the exercise of that option.

(2) Existing law requires the commission to establish a program of assistance to low-income electric and gas customers, referred to as the

California Alternate Rates for Energy or CARE program, and prohibits the cost to be borne solely by any single class of customer.

This bill would require the commission to establish the CARE program to provide assistance to low-income electric and gas customers with annual household incomes at or below 200% of the federal poverty guideline levels, and require that the cost of the program be recovered on an equal cents per kilowatthour or per therm basis from all classes of customers that were subject to the surcharge that funded the CARE program on January 1, 2008.

(3) Existing law relative to electrical restructuring requires that the electrical corporations and gas corporations that participate in the CARE program administer low-income energy efficiency and rate assistance programs described in specified statutes, and undertake certain actions in administering specified energy efficiency and weatherization programs.

This bill would require that electrical corporations, in administering the specified energy efficiency and weatherization programs, to target energy efficiency and solar programs to upper-tier and multifamily customers in a manner that will result in long-term permanent reductions in electricity usage and develop programs that specifically target new construction by, and new and retrofit appliances for, nonprofit affordable housing providers. The bill would require the commission to require electrical corporations to deploy enhanced Low-Income Energy Efficiency (LIEE) programs, as defined, designed to reach as many eligible customers as practicable by December 31, 2014, particularly targeting those customers occupying apartment houses or similar multiunit residential structures, and would require the commission and electrical corporations and gas corporations to expend all reasonable efforts to coordinate ratepayer-funded programs with other energy conservation and efficiency programs and to obtain additional federal funding to support actions undertaken pursuant to this requirement.

(4) Existing law relative to electrical restructuring requires the commission to authorize and facilitate direct transactions between electricity suppliers and retail end-use customers.

Existing law requires the commission to designate a baseline quantity of electricity and gas necessary for a significant portion of the reasonable energy needs of the average residential customer, and requires that electrical and gas corporations file rates and charges, to be approved by the commission, providing baseline rates and requires the

commission, in establishing baseline rates, to avoid excessive rate increases for residential customers.

Existing law enacted during the energy crisis of 2000–01, authorized the Department of Water Resources, until January 1, 2003, to enter into contracts for the purchase of electricity, and to sell electricity to retail end use customers and, with specified exceptions, local publicly owned electric utilities, at not more than the department's acquisition costs and to recover those costs through the issuance of bonds to be repaid by ratepayers. That law provides that the department is entitled to recover certain expenses resulting from its purchases and sales of electricity and authorizes the commission to enter into an agreement with the department relative to cost recovery. That law prohibits the commission from increasing the electricity charges in effect on February 1, 2001, for residential customers for existing baseline quantities or usage by those customers of up to 130% of then existing baseline quantities, until the department has recovered the costs of electricity it procured for electrical corporation retail end use customers. That law also suspends the right of retail end-use customers, other than community choice aggregators and a qualifying direct transaction customer, to acquire service through a direct transaction until the Department of Water Resources no longer supplies electricity under that law.

This bill would delete the prohibition that the commission not increase the electricity charges in effect on February 1, 2001, for residential customers for existing baseline quantities or usage by those customers of up to 130% of then existing baseline quantities. The bill would authorize the commission, until January 1, 2019, to increase the rates charged residential customers for electricity usage up to 130% of the baseline quantities by the annual percentage change in the Consumer Price Index from the prior year plus 1%, but not less than 3% and not more than 5% per year. This authorization would be subject to the limitation that rates charged residential customers for electricity usage up to the baseline quantities, including any customer charge revenues, not exceed 90% of the system average rate, as defined. The bill would authorize the commission to increase the rates for participants in the CARE program, subject to certain limitations. The bill would authorize the commission to allow individual retail end-use customers taking service from an electric service provider on January 1, 2010, or eligible to take service from an electric service provider under rules adopted by the commission in existence on January 1, 2008, to acquire service for

new accounts, as defined, from an electric service provider. The bill would suspend the right of retail end-use customers to acquire service through a direct transaction until the Legislature, by statute, lifts the suspension or otherwise authorizes direct transactions.

(5) Existing law requires the commission to prepare and submit to the Governor and the Legislature a written report on an annual basis before February 1 of each year on the costs of programs and activities conducted by an electrical corporation or gas corporation that have more than a specified number of customers in California.

This bill would also require the report to contain the commission's recommendations for actions that can be undertaken during the upcoming year to limit utility cost increases and reduce rates, consistent with the state's carbon reduction, energy, and environmental goals. The bill would require the commission to annually require electrical and gas corporations to study and report to the commission on measures that they recommend be undertaken to limit cost increases and reduce rates.

(6) Under existing law, a violation of the Public Utilities Act or any order, decision, rule, direction, demand, or requirement of the commission is a crime.

Because certain of the provisions of this bill would be a part of the act and because a violation of an order or decision of the commission implementing its requirements would be a crime, the bill would impose a state-mandated local program by creating a new crime.

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

Vote: majority. Appropriation: no. Fiscal committee: yes.  
State-mandated local program: yes.

*The people of the State of California do enact as follows:*

1     SECTION 1. Section 327 of the Public Utilities Code is  
2     amended to read:  
3     327. (a) The ~~electric~~ *electrical corporations* and gas  
4     corporations that participate in the California ~~Alternative~~ *Alternate*  
5     Rates for Energy program, as established pursuant to Section 739.1,  
6     shall administer low-income energy efficiency and rate assistance

1 programs described in Sections 382, 739.1, 739.2, and 2790,  
2 subject to commission oversight. In administering the programs  
3 described in Section 2790, the ~~electric~~ *electrical corporations* and  
4 gas corporations, to the extent ~~practical~~ *practicable*, shall do all  
5 of the following:

6 (1) Continue to leverage funds collected to fund the program  
7 described in subdivision (a) with funds available from state and  
8 federal sources.

9 (2) Work with state and local agencies, community-based  
10 organizations, and other entities to ensure efficient and effective  
11 delivery of programs.

12 (3) Encourage local employment and job skill development.

13 (4) Maximize the participation of eligible participants.

14 (5) Work to reduce consumers electric and gas consumption,  
15 and bills.

16 (6) *For electrical corporations, target energy efficiency and*  
17 *solar programs to upper-tier and multifamily customers in a*  
18 *manner that will result in long-term permanent reductions in*  
19 *electricity usage, and develop programs that specifically target*  
20 *new construction by, and new and retrofit appliances for, nonprofit*  
21 *affordable housing providers.*

22 (b) If the commission requires low-income energy efficiency  
23 programs to be subject to competitive bidding, the electric and gas  
24 corporation described in subdivision (a), as part of their bid  
25 evaluation criteria, shall consider both cost-of-service criteria and  
26 quality-of-service criteria. The bidding criteria, at a minimum,  
27 shall recognize all of the following factors:

28 (1) The bidder's experience in delivering programs and services,  
29 including, but not limited to, weatherization, appliance repair and  
30 maintenance, energy education, outreach and enrollment services,  
31 and bill payment assistance programs to targeted communities.

32 (2) The bidder's knowledge of the targeted communities.

33 (3) The bidder's ability to reach targeted communities.

34 (4) The bidder's ability to utilize and employ people from the  
35 local area.

36 (5) The bidder's general contractor's license and evidence of  
37 good standing with the Contractors' State License Board.

38 (6) The bidder's performance quality as verified by the funding  
39 source.

40 (7) The bidder's financial stability.

1 (8) The bidder's ability to provide local job training.

2 (9) Other attributes that benefit local communities.

3 (c) Notwithstanding subdivision (b), the commission may  
4 modify the bid criteria based upon public input from a variety of  
5 sources, including representatives from low-income communities  
6 and the program administrators identified in subdivision (b), in  
7 order to ensure the effective and efficient delivery of high quality  
8 low-income energy efficiency programs.

9 SEC. 2. Section 382 of the Public Utilities Code is amended  
10 to read:

11 382. (a) Programs provided to low-income electricity  
12 customers, including, but not limited to, targeted energy-efficiency  
13 services and the California Alternate Rates for Energy program  
14 shall be funded at not less than 1996 authorized levels based on  
15 an assessment of customer need.

16 (b) In order to meet legitimate needs of electric and gas  
17 customers who are unable to pay their electric and gas bills and  
18 who satisfy eligibility criteria for assistance, recognizing that  
19 electricity is a basic necessity, and that all residents of the state  
20 should be able to afford essential electricity and gas supplies, the  
21 commission shall ensure that low-income ratepayers are not  
22 jeopardized or overburdened by monthly energy expenditures.  
23 Energy expenditure may be reduced through the establishment of  
24 different rates for low-income ratepayers, different levels of rate  
25 assistance, and energy efficiency programs.

26 (c) Nothing in this section shall be construed to prohibit electric  
27 and gas providers from offering any special rate or program for  
28 low-income ratepayers that is not specifically required in this  
29 section.

30 (d) The commission shall allocate funds necessary to meet the  
31 low-income objectives in this section.

32 (e) Beginning in 2002, an assessment of the needs of low-income  
33 electricity and gas ratepayers shall be conducted periodically by  
34 the commission with the assistance of the Low-Income Oversight  
35 Board. The assessment shall evaluate low-income program  
36 implementation and the effectiveness of weatherization services  
37 and energy efficiency measures in low-income households. The  
38 assessment shall consider whether existing programs adequately  
39 address low-income electricity and gas customers' energy  
40 expenditures, hardship, language needs, and economic burdens.

1     (f) *The commission shall require electrical corporations to*  
2 *deploy enhanced low-income energy efficiency programs designed*  
3 *to reach as many eligible customers as practicable by December*  
4 *31, 2014, particularly targeting those customers occupying*  
5 *apartments or similar multiunit residential structures. The*  
6 *commission and electrical corporations and gas corporations shall*  
7 *make all reasonable efforts to coordinate ratepayer-funded*  
8 *programs with other energy conservation and efficiency programs*  
9 *and to obtain additional federal funding to support actions*  
10 *undertaken pursuant to this subdivision. For purposes of this*  
11 *subdivision, “enhanced programs” are programs that provide*  
12 *long-term reductions in energy consumption at the dwelling unit*  
13 *based on an audit or assessment of the dwelling unit, and may*  
14 *include improved insulation, energy efficient appliances, measures*  
15 *that utilize solar energy, and other cost-effective improvements to*  
16 *the physical structure.*

17     SEC. 3. Section 739.1 of the Public Utilities Code is amended  
18 to read:

19     739.1. (a) *As used in this subdivision, the following terms have*  
20 *the following meanings:*

21     (1) *“Baseline quantity” has the same meaning as defined in*  
22 *Section 739.*

23     (2) *“California Solar Initiative” means the program providing*  
24 *ratepayer funded incentives for eligible solar energy systems*  
25 *adopted by the commission in Decision 05-12-044 and Decision*  
26 *06-01-024, as modified by Article 1 (commencing with Section*  
27 *2851) of Chapter 9 of Part 2 and Chapter 8.8 (commencing with*  
28 *Section 25780) of Division 15 of the Public Resources Code.*

29     (3) *“CalWORKs program” means the program established*  
30 *pursuant to the California Work Opportunity and Responsibility*  
31 *to Kids Act (Chapter 2 (commencing with Section 11200) of Part*  
32 *3 of Division 9 the Welfare and Institutions Code).*

33     (4) *“Public goods charge” means the nonbypassable separate*  
34 *rate component imposed pursuant to Article 7 (commencing with*  
35 *Section 381) of Chapter 2.3 and the nonbypassable system benefits*  
36 *charge imposed pursuant to the Reliable Electric Service*  
37 *Investments Act (Article 15 (commencing with Section 399) of*  
38 *Chapter 2.3).*

39     (b) (1) *The commission shall establish a program of assistance*  
40 *to low-income electric and gas customers with annual household*

1 *incomes at or below 200 percent of the federal poverty guideline*  
2 *levels, the cost of which shall not be borne solely by any single*  
3 *class of customer be recovered on an equal cent-per-kilowatthour*  
4 *or equal cents-per-therm basis from all classes of customers that*  
5 *were subject to the surcharge that funded the program on January*  
6 *1, 2008. The program shall be referred to as the California Alternate*  
7 *Rates for Energy or CARE program. The commission shall ensure*  
8 *that the level of discount for low-income electric and gas customers*  
9 *correctly reflects the level of need.*

10 *(2) The commission may, subject to the limitation in paragraph*  
11 *(4), increase the rates in effect for CARE program participants*  
12 *for electricity usage up to 130 percent of baseline quantities by*  
13 *the annual percentage increase in benefits under the CalWORKs*  
14 *program as authorized by the Legislature for the fiscal year in*  
15 *which the rate increase would take effect, but not to exceed 3*  
16 *percent per year. This paragraph shall become inoperative on*  
17 *January 1, 2019, unless a later enacted statute deletes or extends*  
18 *that date.*

19 *(3) Beginning January 1, 2019, the commission may, subject to*  
20 *the limitation in paragraph (4), establish rates for CARE program*  
21 *participants pursuant to Sections 739, 739.9, and this section,*  
22 *subject to both of the following requirements:*

23 *(A) That low-income ratepayers are not jeopardized or*  
24 *overburdened by monthly energy expenditures.*

25 *(B) That the level of discount for low-income electric and gas*  
26 *customers correctly reflects the level of need as determined by the*  
27 *needs assessment conducted pursuant to subdivision (e) of Section*  
28 *382.*

29 *(4) Tier 1, tier 2, and tier 3 CARE rates shall not exceed 80*  
30 *percent of the corresponding tier 1, tier 2, and tier 3 rates charged*  
31 *residential customers not participating in the CARE program,*  
32 *excluding any Department of Water Resources bond charge*  
33 *imposed pursuant to Division 27 (commencing with Section 80000)*  
34 *of the Water Code, the CARE surcharge portion of the public goods*  
35 *charge, any charge imposed pursuant to the California Solar*  
36 *Initiative, and any charge imposed to fund any other program that*  
37 *exempts CARE participants from paying the charge.*

38 *(5) Rates charged to CARE program participants shall not have*  
39 *more than three tiers. An electrical corporation that does not have*  
40 *a tier 3 CARE rate may introduce a tier 3 CARE rate that, in order*



1 *to moderate the impact on program participants whose usage*  
2 *exceeds 130 percent of baseline quantities, shall be phased in to*  
3 *80 percent of the corresponding rates charged residential*  
4 *customers not participating in the CARE program, excluding any*  
5 *Department of Water Resources bond charge imposed pursuant*  
6 *to Division 27 (commencing with Section 80000) of the Water*  
7 *Code, the CARE surcharge portion of the public goods charge,*  
8 *any charge imposed pursuant to the California Solar Initiative,*  
9 *and any other charge imposed to fund a program that exempts*  
10 *CARE participants from paying the charge. For electrical*  
11 *corporations that currently do not have a tier 3 CARE rate, the*  
12 *initial rate shall be no more than 150 percent of the CARE baseline*  
13 *rate and any additional revenues collected by an electrical*  
14 *corporation resulting from the adoption of a tier 3 CARE rate*  
15 *shall, until the utility's next periodic general rate case review of*  
16 *cost allocation and rate design, be tracked and credited to reduce*  
17 *rates of residential ratepayers not participating in the CARE*  
18 *program with usage above 130 percent of baseline quantities.*

19 ~~(b)~~

20 (c) The commission shall work with the public utility electrical  
21 and gas corporations to establish penetration goals. The  
22 commission shall authorize recovery of all administrative costs  
23 associated with the implementation of the CARE program that the  
24 commission determines to be reasonable, through a balancing  
25 account mechanism. Administrative costs shall include, but are  
26 not limited to, outreach, marketing, regulatory compliance,  
27 certification and verification, billing, measurement and evaluation,  
28 and capital improvements and upgrades to communications and  
29 processing equipment.

30 ~~(e)~~

31 (d) The commission shall examine methods to improve CARE  
32 enrollment and participation. This examination shall include, but  
33 need not be limited to, comparing information from CARE and  
34 the Universal Lifeline Telephone Service (ULTS) to determine  
35 the most effective means of utilizing that information to increase  
36 CARE enrollment, automatic enrollment of ULTS customers who  
37 are eligible for the CARE program, customer privacy issues, and  
38 alternative mechanisms for outreach to potential enrollees. The  
39 commission shall ensure that a customer consents prior to  
40 enrollment. The commission shall consult with interested parties,

1 including ULTS providers, to develop the best methods of  
2 informing ULTS customers about other available low-income  
3 programs, as well as the best mechanism for telephone providers  
4 to recover reasonable costs incurred pursuant to this section.

5 ~~(d)~~

6 (e) (1) The commission shall improve the CARE application  
7 process by cooperating with other entities and representatives of  
8 California government, including the California Health and Human  
9 Services Agency and the Secretary of California Health and Human  
10 Services, to ensure that all gas and electric customers eligible for  
11 public assistance programs in California that reside within the  
12 service territory of an electrical corporation or gas corporation,  
13 are enrolled in the CARE program. To the extent practicable, the  
14 commission shall develop a CARE application process using the  
15 existing ULTS application process as a model. The commission  
16 shall work with public utility electrical and gas corporations and  
17 the Low-Income Oversight Board established in Section 382.1 to  
18 meet the low-income objectives in this section.

19 (2) The commission shall ensure that an electrical corporation  
20 or gas corporation with a commission-approved program to provide  
21 discounts based upon economic need in addition to the CARE  
22 program, including a Family Electric Rate Assistance program,  
23 utilize a single application form, to enable an applicant to  
24 alternatively apply for any assistance program for which the  
25 applicant may be eligible. It is the intent of the Legislature to allow  
26 applicants under one program, that may not be eligible under that  
27 program, but that may be eligible under an alternative assistance  
28 program based upon economic need, to complete a single  
29 application for any commission-approved assistance program  
30 offered by the public utility.

31 ~~(e)~~

32 (f) The commission's program of assistance to low-income  
33 electric and gas customers shall, as soon as practicable, include  
34 nonprofit group living facilities specified by the commission, if  
35 the commission finds that the residents in these facilities  
36 substantially meet the commission's low-income eligibility  
37 requirements and there is a feasible process for certifying that the  
38 assistance shall be used for the direct benefit, such as improved  
39 quality of care or improved food service, of the low-income  
40 residents in the facilities. The commission shall authorize utilities

1 to offer discounts to eligible facilities licensed or permitted by  
2 appropriate state or local agencies, and to facilities, including  
3 women's shelters, hospices, and homeless shelters, that may not  
4 have a license or permit but provide other proof satisfactory to the  
5 utility that they are eligible to participate in the program.

6 ~~(f)~~

7 (g) It is the intent of the Legislature that the commission ensure  
8 CARE program participants are afforded the lowest possible  
9 electric and gas rates and, to the extent possible, are exempt from  
10 additional surcharges attributable to the energy crisis of 2000–01.

11 SEC. 4. Section 739.9 is added to the Public Utilities Code, to  
12 read:

13 739.9. (a) The commission may, subject to the limitation in  
14 subdivision (b), increase the rates charged residential customers  
15 for electricity usage up to 130 percent of the baseline quantities,  
16 as defined in Section 739, by the annual percentage change in the  
17 Consumer Price Index from the prior year plus 1 percent, but not  
18 less than 3 percent and not more than 5 percent per year. For  
19 purposes of this subdivision, the annual percentage change in the  
20 Consumer Price Index shall be calculated using the same formula  
21 that was used to determine the annual Social Security Cost of  
22 Living Adjustment on January 1, 2008. This subdivision shall  
23 become inoperative on January 1, 2019, unless a later enacted  
24 statute deletes or extends that date.

25 (b) The rates charged residential customers for electricity usage  
26 up to the baseline quantities, including any customer charge  
27 revenues, shall not exceed 90 percent of the system average rate  
28 prior to January 1, 2019, and may not exceed 92.5 percent after  
29 that date. For purposes of this subdivision, the system average rate  
30 shall be determined by dividing the electrical corporation's total  
31 revenue requirements for bundled service customers by the adopted  
32 forecast of total bundled service sales.

33 (c) This section does not require the commission to raise any  
34 residential rate or restrict, or otherwise limit, the authority of the  
35 commission to reduce any residential rate in effect immediately  
36 preceding January 1, 2010.

37 SEC. 5. Section 745 is added to the Public Utilities Code, to  
38 read:

1     745. (a) The commission shall not require or permit an  
2     electrical corporation to employ mandatory time-variant pricing  
3     for residential customers.

4     (b) The commission may authorize an electrical corporation to  
5     offer residential customers the option of receiving service pursuant  
6     to time-variant pricing.

7     (c) Commencing January 1, 2016, the commission may authorize  
8     an electrical corporation to employ default time-variant pricing  
9     for residential customers, if the customer has the option of  
10    receiving service pursuant to a rate schedule that is not based upon  
11    time-variant pricing. The commission shall only approve an  
12    electrical corporation's default use of time-variant pricing if  
13    residential customers that exercise the option to not receive service  
14    pursuant to time-variant pricing incur no additional costs as a result  
15    of the exercise of that option.

16    (d) For purposes of this section, "time-variant pricing" includes  
17    time-of-use rates, critical-peak pricing, and real-time pricing, but  
18    does not include programs that provide customers with discounts  
19    from the standard tariff rate as an incentive to reduce consumption  
20    at certain times, including peak-time rebates.

21    SEC. 6. Section 747 of the Public Utilities Code is amended  
22    to read:

23     747. (a) It is the intent of the Legislature that the commission  
24     reduce rates for electricity and natural gas to the lowest amount  
25     possible.

26     (b) (1) The commission shall prepare a written report on the  
27     costs of programs and activities conducted by each electrical  
28     corporation and gas corporation that is subject to this section,  
29     including activities conducted to comply with their duty to serve.  
30     The report shall be completed on an annual basis before February  
31     1 of each year, and shall identify, clearly and concisely, all of the  
32     following:

33     ~~(1)~~

34     (A) Each program mandated by statute and its annual cost to  
35     ratepayers.

36     ~~(2)~~

37     (B) Each program mandated by the commission and its annual  
38     cost to ratepayers.

39     ~~(3)~~

1 (C) Energy purchase contract costs and bond-related costs  
2 incurred pursuant to Division 27 (commencing with Section 80000)  
3 of the Water Code.

4 ~~(4)~~

5 (D) All other aggregated categories of costs currently recovered  
6 in retail rates as determined by the commission.

7 *(2) The report shall also contain the commission's*  
8 *recommendations for actions that can be undertaken during the*  
9 *upcoming year to limit utility cost increases and reduce rates,*  
10 *consistent with the state's carbon reduction, energy, and*  
11 *environmental goals.*

12 *(3) In preparing the report, the commission shall annually*  
13 *require electrical and gas corporations to study and report to the*  
14 *commission on measures that they recommend be undertaken to*  
15 *limit cost increases and reduce rates.*

16 (c) As used in this section, the reporting requirements apply to  
17 electrical corporations with at least 1,000,000 retail customers in  
18 California and gas corporations with at least 500,000 retail  
19 customers in California.

20 (d) The report required by subdivision (b) shall be submitted to  
21 the Governor and the Legislature no later than February 1 of each  
22 year.

23 (e) The commission shall post the report required by subdivision  
24 (b) in a conspicuous area of its Internet Web site.

25 SEC. 7. Section 80110 of the Water Code is amended to read:

26 80110. (a) *For purposes of this section, a "new account"*  
27 *means either of the following:*

28 *(1) An account belonging to an individual retail end-use*  
29 *customer, as described in subdivision (g), that exists on January*  
30 *1, 2010, and that receives bundled utility service from an electrical*  
31 *corporation.*

32 *(2) An additional meter or request for service of an individual*  
33 *retail end-use customer, as described in subdivision (g), added*  
34 *after January 1, 2010.*

35 (b) The department shall retain title to all power sold by it to  
36 the retail end-use customers. The department shall be entitled to  
37 recover, as a revenue requirement, amounts and at the times  
38 necessary to enable it to comply with Section 80134, and shall  
39 advise the commission as the department determines to be  
40 appropriate.

1     ~~(b)~~

2     (c) The revenue requirements may also include any advances  
3 made to the department hereunder or hereafter for purposes of this  
4 division, or from the Department of Water Resources Electric  
5 Power Fund, and General Fund moneys expended by the  
6 department pursuant to the Governor's Emergency Proclamation  
7 dated January 17, 2001.

8     ~~(e)~~

9     (d) (1) For the purposes of this division and except as otherwise  
10 provided in this section, the Public Utility Commission's authority  
11 as set forth in Section 451 of the Public Utilities Code shall apply,  
12 except any just and reasonable review under Section 451 shall be  
13 conducted and determined by the department. Prior to the execution  
14 of any modification of any contract for the purchase of power by  
15 the department pursuant to this division, on or after the effective  
16 date of this section, the department or the commission, as  
17 applicable, shall do the following:

18     (A) The department shall notify the public of its intent to modify  
19 a contract and the opportunity to comment on the proposed  
20 modification.

21     (B) At least 21 days after providing public notice, the department  
22 shall make a determination as to whether the proposed  
23 modifications are just and reasonable. The determination shall  
24 include responses to any public comments.

25     (C) No later than 70 days before the date of execution of the  
26 contract modification, the department shall provide a written report  
27 to the commission setting forth the justification for the  
28 determination that the proposed modification is just and reasonable,  
29 including documents, analysis, response to public comments, and  
30 other information relating to the determination.

31     (D) Within 60 days of the date of receipt of the department's  
32 written report, the commission shall review the report and make  
33 public its comments. If the commission in its comments  
34 recommends against the proposed modification, the department  
35 shall not execute the proposed contract modification.

36     (2) This subdivision does not apply to the modification of a  
37 contract modified to settle litigation to which the commission is  
38 a party.

39     (3) This subdivision does not apply to the modification of a  
40 contract for the purchase of electricity that is generated from a

1 facility owned by a public agency if the contract requires the public  
2 agency to sell electricity to the department at or below the public  
3 agency's cost of that power.

4 (4) This subdivision does not apply to the modification of a  
5 contract to address issues relating to billing, scheduling, delivery  
6 of electricity, and related contract matters arising out of the  
7 implementation by the Independent System Operator of its market  
8 redesign and technology upgrade program.

9 (5) (A) For purposes of this subdivision, the department  
10 proposes to "modify" a contract if there is any material change  
11 proposed in the terms of the contract.

12 (B) A change to a contract is not material if it is only  
13 administrative in nature or the change in ratepayer value results  
14 in ratepayer savings, not to exceed twenty-five million dollars  
15 (\$25,000,000) per year. For the purpose of making a determination  
16 that a change is only administrative in nature or results in ratepayer  
17 savings of twenty-five million dollars (\$25,000,000) or less per  
18 year, the executive director of the commission shall concur in  
19 writing with each of those determinations by the department.

20 ~~(d)~~

21 (e) The commission may enter into an agreement with the  
22 department with respect to charges under Section 451 for purposes  
23 of this division, and that agreement shall have the force and effect  
24 of a financing order adopted in accordance with Article 5.5  
25 (commencing with Section 840) of Chapter 4 of Part 1 of Division  
26 1 of the Public Utilities Code, as determined by the commission.

27 ~~(e) In no case shall the commission increase the electricity~~  
28 ~~charges in effect on the date that the act that adds this section~~  
29 ~~becomes effective for residential customers for existing baseline~~  
30 ~~quantities or usage by those customers of up to 130 percent of~~  
31 ~~existing baseline quantities, until such time as the department has~~  
32 ~~recovered the costs of power it has procured for the electrical~~  
33 ~~corporation's retail end-use customers as provided in this division.~~

34 ~~(f) After the passage of a period of time after February 1, 2001,~~  
35 ~~as shall be determined by the commission, the~~

36 (f) The right of retail end-use customers pursuant to Article 6  
37 (commencing with Section 360) of Chapter 2.3 of Part 1 of  
38 Division 1 of the Public Utilities Code to acquire service from  
39 other providers shall be is suspended until the department no longer

1 ~~supplies power hereunder the Legislature, by statute, repeals the~~  
2 ~~suspension or otherwise authorizes direct transactions. The~~

3 (g) *Notwithstanding subdivision (f), the commission may allow*  
4 *individual retail end-use customers taking service from an electric*  
5 *service provider as of January 1, 2010, or eligible to take service*  
6 *from an electric service provider under rules adopted by the*  
7 *commission in existence on January 1, 2008, to acquire service*  
8 *for new accounts from an electric service provider.*

9 (h) *The department shall have the same rights with respect to*  
10 *the payment by retail end-use customers for power sold by the*  
11 *department as do providers of power to the customers.*

12 SEC. 8. No reimbursement is required by this act pursuant to  
13 Section 6 of Article XIII B of the California Constitution because  
14 the only costs that may be incurred by a local agency or school  
15 district will be incurred because this act creates a new crime or  
16 infraction, eliminates a crime or infraction, or changes the penalty  
17 for a crime or infraction, within the meaning of Section 17556 of  
18 the Government Code, or changes the definition of a crime within  
19 the meaning of Section 6 of Article XIII B of the California  
20 Constitution.